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**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA**

**Norma Lopez, individually and on
behalf of all others similarly situated,**

Plaintiff,

vs.

Centene Corporation,

Defendant.

Case No. _____

FLSA Collective Action

FED. R. CIV. P. 23 Class Action

**Plaintiff's Original Class and
Collective Action Complaint for
Damages**

SUMMARY

1. Like many other companies across the United States, Centene's timekeeping and payroll systems were affected by the hack of Kronos in 2021.

2. That hack led to problems in timekeeping and payroll throughout Centene's organization.

3. In particular, hourly and non-FLSA-exempt workers, like Norma Lopez, were not paid for all overtime hours worked after the onset of the Kronos hack.

4. Centene could have easily implemented a system for recording and paying overtime hours to hourly and non-exempt employees until issues related to the hack were resolved.

1 5. But it didn't. Instead, Centene used prior pay periods or reduced payroll
2 estimates to avoid paying overtime to these hourly and non-exempt employees.

3 6. Centene pushed the cost of the Kronos hack onto the most economically
4 vulnerable people in its workforce.

5 7. The burden of the Kronos hack was made to fall on front-line workers—
6 average Americans—who rely on the full and timely payment of their wages to make
7 ends meet.

8 8. Meanwhile, Centene's salaried, FLSA-exempt managers and executives
9 continued to take home their full paychecks.

10 9. Centene's failure to pay overtime wages for all overtime hours worked
11 violates the Fair Labor Standards Act (FLSA), 29 U.S.C. § 201, *et seq.* and applicable
12 state law.

13 10. Lopez brings this lawsuit to recover these unpaid overtime wages and
14 other damages owed by Centene to her and the hourly and non-exempt workers like
15 her, who were the ultimate victims of not just the Kronos hack, but Centene's decision
16 to make its hourly and non-exempt workers bear the economic burden for the hack.

17 11. It's not the first time Centene has refused to pay its hourly or non-exempt
18 workers what they're owed.

19 12. For example, Lopez, and other Centene workers at the Lopez prison
20 complex in Arizona weren't paid for all hours they worked each day, even when they
21 worked over 40 in a workweek.

22 13. The US Department of Labor even conducted an investigation, found
23 that Centene owed overtime to Lopez and other employees, and requested it issue
24 backpay to Lopez and affected employees.

25 14. It never did.
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1 **worked for Centene in the United States at any time since the**
2 **onset of the Kronos ransomware attack in 2021 to the present.**

3 26. Lopez represents a class of similarly situated hourly employees under
4 Arizona law pursuant to Federal Rule of Civil Procedure 23. This “Arizona Class” is
5 defined as:

6 **All current or former employees of Centene who were paid by**
7 **the hour or who were non-exempt under the FLSA and who**
8 **worked for Centene in Arizona at any time since the onset of**
 the Kronos ransomware attack in 2021 to the present.

9 27. Together, throughout this Complaint, the FLSA Collective members and
10 Arizona Class Members are referred to as the “Similarly Situated Workers.”

11 28. **Defendant Centene Corporation d/b/a Centurion Health f/k/a**
12 **MHM Services, Inc. (“Centene”)** is an foreign corporation.

13 29. Centene conducts business in a systematic and continuous manner
14 throughout Arizona and this District.

15 30. Centene may be served by service upon its registered agent, **CT**
16 **Corporation System, 3800 N. Central Ave., Ste. 460, Phoenix, AZ 85012**, or by any
17 other method allowed by law.

18 **COVERAGE UNDER THE FLSA**

19 31. At all relevant times, Centene was an employer of Lopez within the
20 meaning of Section 3(d) of the FLSA, 29 U.S.C. § 203(d).

21 32. At all relevant times, Centene was and is an employer of the National
22 and FLSA Collective Members within the meaning of Section 3(d) of the FLSA, 29
23 U.S.C. § 203(d).

24 33. Centene was and is part of an enterprise within the meaning of Section
25 3(r) of the FLSA, 29 U.S.C. § 203(r).

1 45. Since the onset of the Kronos hack, Centene has not kept accurate track
2 of the hours that Lopez and other similarly situated employees have worked.

3 46. Instead, Centene has estimated the number of hours Lopez and other
4 similarly situated employees have worked in each pay period.

5 47. Even worse, Centene has issued paychecks based on their scheduled
6 hours, or has simply duplicated paychecks from pay periods prior to the Kronos hack.

7 48. This means that employees who were either hourly or non-exempt, and
8 who worked overtime, were in many cases paid less than the hours they worked in the
9 workweek, including overtime hours.

10 49. Lopez is one such employee.

11 50. Instead of paying Zeigler for the hours she actually worked (including
12 overtime hours), Centene simply paid based on the lower, pre-Kronos number of hours
13 she happened to work.

14 51. Centene knows it has to pay overtime to hourly and non-exempt
15 employees.

16 52. Centene knows this because, prior to the Kronos hack, it routinely paid
17 these workers overtime.

18 53. Centene could have instituted any number of methods to accurately track
19 and timely pay its employees for all hours worked.

20 54. Instead of accurately tracking hours and paying employees their
21 overtime, Centene decided to arbitrarily pay these employees, without regard to the
22 overtime they were owed.

23 55. It was feasible for Centene to have its employees and managers report
24 accurate hours so they could be paid for the work they did for the company.

25 56. But it didn't do that.

26 57. In other words, Centene pushed the effects of the Kronos hack onto the
27 backs of its most economically vulnerable workers, making sure that it kept the money
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1 it owed to those employees in its own pockets, rather than take steps to make sure its
2 employees were paid on time and in full for the work they did.

3 58. Lopez is one such employee.

4 59. Lopez was and is an hourly employee of Centene.

5 60. Lopez regularly works over 40 hours per week for Centene.

6 61. Lopez's normal, pre-Kronos hack hours are reflected in Centene's
7 records.

8 62. After the Kronos hack, however, Centene paid Lopez only at the same
9 number of hours as her last paycheck prior to the hack rather than her actual hours
10 worked each week, even though Lopez was working more than those hours each week
11 after the hack.

12 63. Since the hack took place, Centene has not been accurately recording the
13 hours worked by Lopez and its other workers.

14 64. Centene was aware of the overtime requirements of the FLSA.

15 65. Centene nonetheless failed to pay certain hourly and non-exempt
16 employees, such as Lopez, overtime.

17 66. Centene's failure to pay overtime to these hourly and non-exempt
18 workers was, and is, a willful violation of the FLSA.

19 67. Centene has long known about the FLSA's requirements.

20 68. Centene has also violated the FLSA before.

21 69. Lopez, for example, was one of many Centene employees who were not
22 paid for all hours worked at the Arizona State Prison – Lopez.

23 70. Lopez and other Centene hourly workers at the Arizona State Prison –
24 Lopez were able to clock in only after going through at least 30-45 minutes of security
25 screening and other preliminary check-in procedures each day.

1 71. Lopez and other Centene hourly workers at the Arizona State Prison –
2 Lopez then had to clock out when they had another 30-45 minutes, or more, of check-
3 out procedures.

4 72. Lopez and other Centene hourly workers at the Arizona State Prison –
5 Lopez were not paid for this time or other hours they worked for Centene.

6 73. The US Department of Labor investigated and found Centene owed
7 unpaid wages to Lopez and the other workers.

8 74. To date, however, these wages remain unpaid.

9 75. Centene continues to flaunt federal and state wage laws.

10 **COLLECTIVE ACTION ALLEGATIONS**

11 76. Lopez incorporates all other allegations.

12 77. Numerous individuals were victimized by Centene's patterns, practices,
13 and policies, which are in willful violation of the FLSA.

14 78. Based on her experiences and tenure with Centene, Lopez is aware that
15 Centene's illegal practices were imposed on the FLSA Collective.

16 79. The FLSA Collective members were not paid for all overtime hours
17 worked.

18 80. These employees are victims of Centene's respective (to each Collective)
19 unlawful compensation practices and are similarly situated to Lopez in terms of the
20 pay provisions and employment practices at issue in the respective collectives in this
21 lawsuit.

22 81. The workers in each collective were similarly situated within the meaning
23 of the FLSA.

24 82. Any differences in job duties do not detract from the fact that these hourly
25 and non-exempt workers were entitled to overtime pay.

1 94. Lopez has no interest contrary to, or in conflict with, the members of the
2 Arizona Class. Like each member of the proposed class, Lopez has an interest in
3 obtaining the unpaid overtime wages and other damages owed under the law.

4 95. A class action, such as this one, is superior to other available means for
5 fair and efficient adjudication of the lawsuit.

6 96. Absent this action, many Arizona Class members likely will not obtain
7 redress of their injuries and Centene will reap the unjust benefits of violating Arizona
8 law.

9 97. Furthermore, even if some of the Arizona Class members could afford
10 individual litigation against Centene, it would be unduly burdensome to the judicial
11 system.

12 98. Concentrating the litigation in one forum will promote judicial economy
13 and parity among the claims of individual members of the classes and provide for
14 judicial consistency.

15 99. The questions of law and fact common to each of the Arizona Class
16 members predominate over any questions affecting solely the individual members.
17 Among the common questions of law and fact are:

- 18 a. Whether the Arizona Overtime Class Members were not paid
19 overtime at 1.5 times their regular rate of pay for hours worked in
20 excess of 40 in a workweek;
- 21 b. Whether Centene's failure to pay overtime at the rates required by
22 law violated the Arizona Wage Act;
- 23 c. Whether Centene knowingly benefitted at the expense of the
24 Arizona Class members; and
- 25 d. Whether allowing Centene to retain the benefit it obtained at the
26 expense of the Arizona Class members would be unjust.

1 100. Lopez's claims are typical of the Arizona Class members. Lopez and the
2 Arizona Class members have all sustained damages arising out of Centene's illegal and
3 uniform employment policies.

4 101. Lopez knows of no difficulty that will be encountered in the management
5 of this litigation that would preclude its ability to go forward as a class or collective
6 action.

7 102. Although the issue of damages may be somewhat individual in character,
8 there is no detraction from the common nucleus of liability facts. Therefore, this issue
9 does not preclude class or collective action treatment.

10 **FIRST CAUSE OF ACTION—VIOLATIONS OF THE FLSA**

11 103. Lopez incorporates each other allegation.

12 104. Centene has violated, and is violating, section 7 of the FLSA, 29 U.S.C.
13 § 207, by compensating employees on an hourly basis in an enterprise engaged in
14 commerce or in the production of goods for commerce within the meaning of the
15 FLSA for workweeks longer than 40 hours without compensating the FLSA Collective
16 members for their employment in excess of 40 hours per week at rates no less than 1.5
17 times the regular rates for which they were employed.

18 105. Centene knowingly, willfully, or in reckless disregard carried out this
19 illegal pattern and practice of failing to pay the FLSA Collective members overtime
20 compensation.

21 106. Centene's failure to pay overtime compensation to these FLSA Collective
22 members was neither reasonable, nor was the decision not to pay overtime made in
23 good faith.

24 107. Accordingly, Lopez and the FLSA Collective members are entitled to
25 overtime wages under the FLSA in an amount equal to 1.5 times their rate of pay, plus
26 liquidated damages, attorney's fees, and costs.

SECOND CAUSE OF ACTION—VIOLATIONS OF THE ARIZONA WAGE ACT

108. Lopez incorporates all other allegations.

109. The conduct alleged in this Complaint violates the Arizona Wage Act, ARS 23-350, et seq.

110. Centene was and is an “employer” within the meaning of the Arizona Wage Act. ARS § 23-350(3).

111. At all relevant times, Centene employed Lopez and each other Arizona Overtime member as “employees” within the meaning of the Arizona Wage Act. ARS § 23-350(2).

112. Lopez and the other Arizona Overtime Class members were required by law to be paid overtime wages for all overtime hours worked.

113. Lopez and the other Arizona Overtime Class members had a reasonable expectation Centene would pay them wages as required by the FLSA.

114. Lopez and the other Arizona Overtime Class members had a reasonable expectation Centene would pay them wages as required by federal law.

115. Lopez and the other Arizona Overtime Class members had a reasonable expectation Centene would pay them wages as required by Arizona law.

116. Lopez and the other Arizona Overtime Class members had a reasonable expectation Centene would pay them at a rate at least 1.5 times their regular rate of pay for hours worked in excess of 40 in a workweek.

117. Within the applicable limitations period, Centene had a policy and practice of failing to pay proper overtime to the Arizona Overtime Class members for their hours worked in excess of 40 hours per week.

118. The wages and overtime owed to Lopez and each other Arizona Overtime member were due to be paid not later than 16 days after the end of the of the most recent pay period. ARS § 23-351(C)(3).

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1 119. The wages and overtime owed to each Arizona Overtime member who
2 left the employment of Centene were due to be paid not later seven days after
3 termination, or at the end of the next regular pay period. ARS § 23-353(A)-(B).

4 120. The Arizona Wage Act prohibits an employer from withholding or
5 diverting any portion of an employee's wages unless they are required or empowered
6 to do so by state or federal law, or the employee has authorized the withholding in
7 writing. ARS § 23-352.

8 121. Centene was not required under Arizona or federal law to withhold the
9 wages and overtime pay due to Lopez and the Arizona Overtime Class members.

10 122. Centene was not empowered under Arizona or federal law to withhold
11 the wages and overtime pay due to Lopez and the Arizona Overtime Class members.

12 123. Neither Lopez nor the Arizona Overtime Class members authorized
13 Centene to withhold the wages and overtime pay due to them.

14 124. Centene has not paid these overtime wages to Lopez and each other
15 Arizona Overtime member.

16 125. As a result of Centene's failure to pay proper overtime to Lopez and the
17 Arizona Overtime Class members for work performed in excess of 40 hours in a
18 workweek, Centene violated the Arizona Wage Act.

19 126. Lopez and the Arizona Overtime Class members are entitled to overtime
20 wages under Arizona law in an amount equal to three times their unpaid wages, plus
21 attorney's fees and costs. ARS § 23-355(A).

22 **THIRD CAUSE OF ACTION—UNJUST ENRICHMENT**

23 127. Lopez incorporates all other allegations.

24 128. Centene's acts and omissions in denying proper overtime pay to Lopez
25 and the Arizona Class members was done knowingly, willfully, or with reckless
26 disregard to the rights of Lopez and the Arizona Class members.

- 1 k. For a judgment awarding pre- and post-judgment interest at the
2 highest rates allowed by law to Lopez and all FLSA Collective and
3 Arizona Class members covered by this case; and
4 1. For all such other and further relief as may be necessary and
appropriate.

5 Date: Mar. 2, 2022

6 Respectfully submitted,

7 */s/ Matthew S. Parmet*

8 By: _____

9 **Matthew S. Parmet**

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10 **Attorneys for Plaintiff**
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